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07-CV-02002-CMP

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ANA MIGUEL, Individually and On Behalf of)
All Others Similarly Situated,)

Plaintiff,)

v.)

ZUMIEZ, INC., THOMAS D. CAMPION,)
RICHARD M. BROOKS, JR., and TREVOR)
LANG,)

Defendants.)

No.

C07-2002 TSZ

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff, Ana Miguel ("Plaintiff"), alleges the following based upon the investigation by Plaintiff's counsel, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Zumiez Inc. ("Zumiez" or the "Company"), securities analysts' reports and advisories about the Company, and information readily available on the Internet, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1
2 1. This is a federal class action on behalf of purchasers of Zumiez's securities
3 between March 14, 2007 and November 7, 2007, inclusive (the "Class Period"), seeking to
4 pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").
5

6 2. Zumiez is a mall-based specialty retailer of action sports related apparel,
7 footwear, equipment and accessories operating under the Zumiez brand name. The Company
8 caters to young men and women between the ages of 12 and 24 who seek brands representing a
9 lifestyle centered on activities that include skateboarding, surfing, snowboarding and Bicycle
10 Motocross ("BMX").

11 3. On November 7, 2007, the Company shocked investors when it announced its
12 October 2007 sales results. The Company announced that its comparable store sales had only
13 increased by 5.1% for the four-week period (ended November 3, 2007), against a comparable
14 store sales increase of 15.9% for the year ago period. Additionally, the Company announced
15 disappointing preliminary third quarter 2007 results of between \$0.27 – \$0.28 earnings per share
16 ("EPS"), and that it was now "taking a more conservative outlook for the remainder of fiscal
17 2007 due to the reliance on seasonal merchandise in the fourth quarter." As a result, the
18 Company significantly reduced its full year fiscal 2007 EPS outlook, from a previous range of
19 between \$0.97 - \$0.99 EPS down to between \$0.92 – \$0.94 EPS for the year.
20
21

22 4. On this news, the Company's shares fell \$10.71 per share, or over 27 percent, to
23 close on November 8, 2007 at \$28.74 per share, on unusually heavy trading volume.

24 5. The Complaint alleges that, throughout the Class Period, defendants failed to
25 disclose material adverse facts about the Company's financial well-being, business relationships,
26 and prospects. Specifically, defendants failed to disclose or indicate the following: (1) that sales

1 of Zumiez's winter merchandise had slowed dramatically, to the point that they were far below
2 internal expectations; (2) that as a result of this, the Company's retail stores did not meet sales
3 expectations and same store sales suffered; (3) that the Company lacked adequate internal and
4 financial controls; and (4) that, as a result of the foregoing, the Company's statements about its
5 financial well-being and future business prospects were lacking in any reasonable basis when
6 made.
7

8 6. As a result of defendants' wrongful acts and omissions, and the precipitous
9 decline in the market value of the Company's securities, Plaintiff and other Class Members have
10 suffered significant losses and damages.

11 JURISDICTION AND VENUE

12 7. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of
13 the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17
14 C.F.R. § 240.10b-5).
15

16 8. This Court has jurisdiction over the subject matter of this action pursuant to
17 Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

18 9. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange
19 Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged
20 herein, including the preparation and dissemination of materially false and misleading
21 information, occurred in substantial part in this Judicial District. Additionally, Zumiez's
22 principal executive offices are located within this Judicial District.
23

24 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,
25 defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
26

1 including but not limited to, the United States mails, interstate telephone communications and
2 the facilities of the national securities exchange.

3
4 **PARTIES**

5 11. Plaintiff Ana Miguel, as set forth in the accompanying certification, incorporated
6 by reference herein, purchased Zumiez's securities at artificially inflated prices during the Class
7 Period and has been damaged thereby.

8 12. Defendant Zumiez is a Washington corporation with its principal executive
9 offices located at 6300 Merrill Creek Parkway, Everett, Washington.

10 13. Defendant Thomas D. Campion ("Campion") was, at all relevant times, the
11 Chairman of Company's Board of Directors.

12 14. Defendant Richard M. Brooks Jr. ("Brooks") was, at all relevant times, the
13 Company's President and Chief Executive Officer ("CEO").

14 15. Defendant Trevor Lang ("Lang") was, at all relevant times, the Company's Chief
15 Financial Officer ("CFO").

16 16. Defendants Campion, Brooks and Lang are collectively referred to hereinafter as
17 the "Individual Defendants." The Individual Defendants, because of their positions with the
18 Company, possessed the power and authority to control the contents of Zumiez's reports to the
19 SEC, press releases and presentations to securities analysts, money and portfolio managers and
20 institutional investors, i.e., the market. Each defendant was provided with copies of the
21 Company's reports and press releases alleged herein to be misleading prior to, or shortly after,
22 their issuance and had the ability and opportunity to prevent their issuance or cause them to be
23 corrected. Because of their positions and access to material non-public information available to
24 them, each of these defendants knew that the adverse facts specified herein had not been
25
26

disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each "group-published" information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

17. Zumiez is a mall-based specialty retailer of action sports related apparel, footwear, equipment and accessories operating under the Zumiez brand name. The Company caters to young men and women between the ages of 12 and 24 who seek brands representing a lifestyle centered on activities that include skateboarding, surfing, snowboarding and Bicycle Motocross ("BMX").

Materially False and Misleading Statements Issued During the Class Period

18. The Class Period begins on March 14, 2007. On this day, after the close of the market, the Company issued a press release entitled "Zumiez Inc. Announces Record Fiscal 2006 Fourth Quarter Results." Therein, the Company, in relevant part, stated:

Q4-06 Net Sales Increased 49.0% to \$112.4 Million

Comparable Store Sales Increased 12.0% in Fourth Quarter

Q4-06 Diluted EPS Up 69.6% to \$0.39

Company Introduces Fiscal 2007 EPS Guidance of \$0.94 to \$0.96 March 14, 2007--Zumiez Inc. (NASDAQ: ZUMZ) today reported results for the fourth quarter ended February 3, 2007.

Total net sales for the fourth quarter (14 weeks) ended February 3, 2007 increased by 49.0% to \$112.4 million from \$75.4 million reported in the fourth quarter (13 weeks) of the prior fiscal year. The company posted net income for the quarter of \$11.3 million or \$0.39 per diluted share versus \$6.8 million or \$0.23 per diluted share in the fourth quarter of the prior

fiscal year. Comparable store sales increased 12.0% for the fourth quarter of fiscal 2006 compared to a 20.7% increase in the fourth quarter of fiscal 2005.

Total net sales for fiscal 2006 (53 week period) increased by 45.0% to \$298.2 million from \$205.6 million reported in fiscal 2005 (52 week period). The company posted net income of \$20.9 million or \$0.73 per diluted share in fiscal 2006 versus \$12.9 million or \$0.47 per diluted share in the prior year. Comparable store sales increased 13.0% in fiscal 2006 compared to 14.2% in fiscal 2005.

Rick Brooks, President and Chief Executive Officer of Zumiez Inc., stated, "We are pleased to have completed another terrific year at Zumiez, the 27th of the past 28 years with a comparable store sales increase. We also successfully completed the integration of the acquisition of Fast Forward and opened an additional 42 new stores during the year."

Mr. Brooks concluded, "The continued success of the highly differentiated Zumiez concept is a testament to the great team we've assembled. We remain on track to open 50 new stores in fiscal 2007, and are excited about our growth prospects for the coming year and beyond."

2007 Outlook

The company's long-term financial targets include comparable store sales growth in the mid single digit range, net square footage expansion of approximately 20%, and diluted EPS growth in excess of 30%. In line with its long-term growth goals, the company introduced guidance for fiscal 2007 of \$0.94 to \$0.96 in diluted earnings per share. Weighted average diluted shares for the fiscal year are expected to be approximately 29,500,000.

19. On this news, the Company's shares increased \$2.16 per share, or almost 6 percent, to close on March 15, 2007 at \$39.56 per share, on unusually heavy trading volume.

20. On May 23, 2007, the Company issued a press release entitled "Zumiez Inc. Announces Record Fiscal 2007 First Quarter Results." Therein, the Company, in relevant part, stated:

Q1-07 Net Sales Increased 44.0% to \$68.8 Million

Comparable Store Sales Increased 11.3% in First Quarter

Q1-07 Diluted EPS Up 50.0% to \$0.06**Company Reiterates Fiscal 2007 EPS Guidance of \$0.94 to \$0.96**

Zumiez Inc. (NASDAQ: ZUMZ) today reported results for the first quarter ended May 5, 2007.

Total net sales for the first quarter (13 weeks) ended May 5, 2007 increased by 44.0% to \$68.8 million from \$47.8 million reported in the first quarter (13 weeks) of the prior fiscal year. The company posted net income for the quarter of \$1.6 million or \$0.06 per diluted share versus \$1.1 million or \$0.04 per diluted share in the first quarter of the prior fiscal year. Comparable store sales increased 11.3% for the first quarter of fiscal 2007 compared to a 19.7% increase in the first quarter of fiscal 2006.

Rick Brooks, President and Chief Executive Officer of Zumiez Inc., stated, "With strong increases in sales and earnings, we are pleased with our first quarter operating results and are confident that we are well positioned for another great year at Zumiez. We opened 19 new stores in the first quarter, accelerating our store openings from prior years. We remain on track to open 50 new stores in fiscal 2007, most of which will be opened by the end of the third quarter."

2007 Outlook

The company remains focused on its long-term financial targets of comparable store sales growth in the mid single digit range, net square footage expansion of approximately 20%, and diluted EPS growth in excess of 30%. As such, the company is reaffirming its previous guidance for fiscal 2007 of \$0.94 to \$0.96 in diluted earnings per share. Weighted average diluted shares for the fiscal year are expected to be approximately 29,500,000.

21. On July 11, 2007, the Company issued a press release entitled "Zumiez Inc. Reports June 2007 Sales Results." Therein, the Company, in relevant part, stated:

Net Sales Increased 48.8% to \$31.5 Million

June 2007 Comparable Store Sales Increased 13.7%

Zumiez Inc. (NASDAQ: ZUMZ) a leading specialty retailer of action sports related apparel, footwear, equipment and accessories, today announced that total net sales for the five-week period ended July 7, 2007 increased 48.8% to \$31.5 million, compared to \$21.2 million for the five-week period ended July 1, 2006. The company's comparable store sales

increased 13.7% for the five-week period, versus a comparable store sales increase of 12.4% in the year ago period.

22. On this news, the Company's shares increased \$3.59 per share, or over 9.7 percent, to close on July 12, 2007 at \$40.49 per share, on unusually heavy trading volume.

23. On August 8, 2007, after the close of the market, the Company issued a press release entitled "Zumiez Inc. Reports July 2007 Sales Results." Therein, the Company, in relevant part, stated:

- Net Sales Increased 42.4% to \$28.2 Million
- July 2007 Comparable Store Sales Increased 9.7%

Zumiez Inc. (NASDAQ: ZUMZ) a leading specialty retailer of action sports related apparel, footwear, equipment and accessories, today announced that total net sales for the four-week period ended August 4, 2007 increased 42.4% to \$28.2 million, compared to \$19.8 million for the four-week period ended July 29, 2006. The company's comparable store sales increased 9.7% for the four-week period, versus a comparable store sales increase of 8.4% in the year ago period.

24. On this news, the Company's shares increased \$2.02 per share, or 4.7 percent, to close on August 9, 2007 at \$44.95 per share, on unusually heavy trading volume.

25. On August 22, 2007, the Company issued a press release entitled "Zumiez Inc. Announces Record Fiscal 2007 Second Quarter Results." Therein, the Company, in relevant part, stated:

Q2-07 Net Sales Increased 47.0% to \$82.0 Million;

Comparable Store Sales Increased 11.6% in Second Quarter;

Q2-07 Diluted EPS Up 83.3% to \$0.11;

Company Raises Fiscal 2007 EPS Guidance to \$0.97 to \$0.99

Zumiez Inc (NASDAQ: ZUMZ) today reported results for the second quarter ended August 4, 2007.

Total net sales for the second quarter (13 weeks) ended August 4, 2007 increased by 47.0% to \$82.0 million from \$55.8 million reported in the second quarter ended July 29, 2006 (13 weeks). The company posted net income for the quarter of \$3.1 million or \$0.11 per diluted share versus \$1.6 million or \$0.06 per diluted share in the second quarter of the prior fiscal year. Comparable store sales increased 11.6% for the second quarter of fiscal 2007 compared to a 12.6% increase in the second quarter of fiscal 2006.

Total net sales for the first six months (26 week period) of fiscal 2007 increased by 45.6% to \$150.8 million from \$103.5 million reported in the first six months of the prior year. The company posted net income of \$4.7 million or \$0.16 per diluted share in the first six months of 2007 versus \$2.8 million or \$0.10 per diluted share in the prior year. Comparable store sales increased 11.4% for the first six months of fiscal 2007 compared to 15.8% for the first six months of fiscal 2006.

Rick Brooks, President and Chief Executive Officer of Zumiez Inc., stated, "We are pleased to have reported another strong quarter, and feel our unique retail model has Zumiez very well positioned as we head into the back half of the year. We opened 12 new stores in the second quarter and 31 stores year-to-date. We remain on track to open 50 new stores in fiscal 2007 and continue to believe that we can eventually operate 800 Zumiez stores in the U.S."

2007 Outlook

The company remains focused on its long-term financial targets of comparable store sales growth in the mid single digit range, net square footage expansion of approximately 20%, and diluted EPS growth in excess of 30%. *Given the stronger than planned results in the first half of the year, the company is increasing its guidance for fiscal 2007 to \$0.97 to \$0.99 per diluted share, up from the previous guidance of \$0.94 to \$0.96 in diluted earnings per share.* Weighted average diluted shares for the fiscal year are expected to be approximately 29,500,000. [Emphasis added.]

26. The statements contained in ¶¶ 18, 20, 21, 23 and 25 were materially false and misleading when made because defendants failed to disclose or indicate the following: (1) that sales of Zumiez's winter merchandise had slowed dramatically, to the point that they were far below internal expectations; (2) that as a result of this, the Company's retail stores did not meet sales expectations and same store sales suffered; (3) that the Company lacked adequate internal

and financial controls; and (4) that, as a result of the foregoing, the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

The Truth Begins to Emerge

27. On November 7, 2007, the Company shocked investors when it issued a press release entitled "Zumiez Inc. Reports October 2007 Sales Results." Therein, the Company, in relevant part, stated:

- October 2007 Comparable Store Sales Increased 5.1%
- Net Sales Increased 24.6% to \$24.7 Million
- Announces Preliminary Third Quarter Earnings to Be In the Range of \$0.27 to \$0.28 Per Share and Updates Full Year Earnings Guidance

Zumiez Inc. (NASDAQ: ZUMZ) a leading specialty retailer of action sports related apparel, footwear, equipment and accessories, today announced the company's comparable store sales increased 5.1% for the four-week period ended November 3, 2007, versus a comparable store sales increase of 15.9% in the year ago period ended October 28, 2006. Total net sales for the four-week period ended November 3, 2007 increased 24.6% to \$24.7 million, compared to \$19.9 million for the four-week period ended October 28, 2006.

For the third fiscal quarter ended November 3, 2007, the company expects to report diluted earnings per share in the range of \$0.27 to \$0.28 per share, versus diluted earnings per share of \$0.24 in the third quarter last year. Zumiez will be reporting its fiscal third quarter earnings on November 29, 2007. *The company is taking a more conservative outlook for the remainder of fiscal 2007 due to the reliance on seasonal merchandise in the fourth quarter. The company now expects full year fiscal 2007 earnings per diluted share to be in the range of \$0.92 to \$0.94 compared to fiscal 2006 earnings of \$0.73 per diluted share.* [Emphasis added.]

28. On this news, the Company's shares fell \$10.71 per share, or over 27 percent, to close on November 8, 2007 at \$28.74 per share, on unusually heavy trading volume.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

29. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased Zumiez's securities between March 14, 2007 and November 7, 2007, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

30. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Zumiez's securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Zumiez, or its transfer agent, and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

31. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

32. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

1 33. Common questions of law and fact exist as to all members of the Class and
2 predominate over any questions solely affecting individual members of the Class. Among the
3 questions of law and fact common to the Class are:

- 4 (a) whether the federal securities laws were violated by defendants' acts as
5 alleged herein;
6
7 (b) whether statements made by defendants to the investing public during the
8 Class Period misrepresented material facts about the business, operations
9 and management of Zumiez; and
10 (c) to what extent the members of the Class have sustained damages and the
11 proper measure of damages.

12 34. A class action is superior to all other available methods for the fair and efficient
13 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as
14 the damages suffered by individual Class members may be relatively small, the expense and
15 burden of individual litigation make it impossible for members of the Class to individually
16 redress the wrongs done to them. There will be no difficulty in the management of this action as
17 a class action.
18

19 **UNDISCLOSED ADVERSE FACTS**

20 35. The market for Zumiez's securities was open, well-developed and efficient at all
21 relevant times. As a result of these materially false and misleading statements, and failures to
22 disclose, Zumiez's securities traded at artificially inflated prices during the Class Period.
23 Plaintiff and other members of the Class purchased or otherwise acquired Zumiez's securities
24 relying upon the integrity of the market price of Zumiez's securities and market information
25 relating to Zumiez, and have been damaged thereby.
26

37. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Zumiez's financial well-being and prospects. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Zumiez and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

38. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

39. During the Class Period, Plaintiff and the Class purchased Zumiez's securities at artificially inflated prices and were damaged thereby. The price of Zumiez's securities significantly declined when the misrepresentations made to the market, and/or the information

1 alleged herein to have been concealed from the market, and/or the effects thereof, were revealed,
 2 causing investors' losses.

3 SCIENTER ALLEGATIONS

4 40. As alleged herein, defendants acted with scienter in that defendants knew that the
 5 public documents and statements issued or disseminated in the name of the Company were
 6 materially false and misleading; knew that such statements or documents would be issued or
 7 disseminated to the investing public; and knowingly and substantially participated or acquiesced
 8 in the issuance or dissemination of such statements or documents as primary violations of the
 9 federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their
 10 receipt of information reflecting the true facts regarding Zumiez, their control over, and/or
 11 receipt and/or modification of Zumiez's allegedly materially misleading misstatements and/or
 12 their associations with the Company which made them privy to confidential proprietary
 13 information concerning Zumiez, participated in the fraudulent scheme alleged herein.
 14

15 41. Additionally, during the Class Period, and with the Company's securities trading
 16 at artificially inflated prices, Company insiders sold 523,922 shares of the Company's stock for
 17 gross proceeds of \$23,418,000, including over \$14.1 million in gross proceeds received by
 18 Defendant Brooks. This trading by Company insiders is evidenced by the following chart:
 19

20 Date of Trade	21 Inside Trader	22 Number of Shares	23 Price per Share	24 Gross Proceeds
25 September 21, 2007	Wright, Ford	10,000	\$48.19 - \$48.56	\$484,000
26 September 19, 2007	Wright, Ford	10,000	\$49.84 - \$50.14	\$500,000
September 18, 2007	Wright, Ford	10,000	\$48.65 - \$49.00	\$488,000
September 14, 2007	Wright, Ford	1,800	\$47.50 - \$47.55	\$86,000
September 14, 2007	Brooks, Richard M.	11,165	\$47.47 - \$47.65	\$531,000

1	September 14, 2007	Brooks, Richard M.	51,735	\$47.22 - \$47.46	\$2,449,000
2	September 14, 2007	Brooks, Richard M.	129,600	\$46.93 - \$47.21	\$6,100,000
3	September 14, 2007	Brooks, Richard M.	7,500	\$46.05 - \$46.92	\$349,000
4	September 13, 2007	Wright, Ford	4,000	\$47.00 - \$47.14	\$188,000
5	September 13, 2007	Brooks, Richard M.	32,720	\$47.08 - \$47.47	\$1,547,000
6	September 13, 2007	Brooks, Richard M.	67,280	\$46.72 - \$47.07	\$3,155,000
7	September 12, 2007	Wright, Ford	3,000	\$46.00 - \$46.01	\$138,000
8	September 11, 2007	Wright, Ford	5,000	\$45.00 - \$45.81	\$227,000
9	April 23, 2007	Kilbourne, Lynn K.	50,000	\$40.00 - \$40.41	\$2,010,000
10	April 18, 2007	Wright, Ford	5,000	\$39.00	\$195,000
11	April 18, 2007	Campion, Thomas D.	39,156	\$39.00 - \$39.06	\$1,528,000
12	April 16, 2007	Kilbourne, Lynn K.	11,100	\$39.75 - \$40.02	\$443,000
13	April 16, 2007	Wright, Ford	2,000	\$40.02	\$80,000
14	April 13, 2007	Kilbourne, Lynn K.	38,900	\$39.50 - \$40.88	\$1,563,000
15	April 13, 2007	Wright, Ford	15,000	\$39.20 - \$40.14	\$595,000
16	April 13, 2007	Morris, Brenda I.	18,966	\$39.40 - \$40.96	\$762,000
17		TOTAL:	523,922		\$23,418,000

Applicability of Presumption of Reliance:
Fraud On The Market Doctrine

42. At all relevant times, the market for Zumiez's securities was an efficient market for the following reasons, among others:

- (a) Zumiez's securities met the requirements for listing, and were listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, Zumiez filed periodic public reports with the SEC and the NASDAQ;
- (c) Zumiez regularly communicated with public investors via established market communication mechanisms, including through regular

disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Zumiez was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

43. As a result of the foregoing, the market for Zumiez's securities promptly digested current information regarding Zumiez from all publicly-available sources and reflected such information in the price of Zumiez's securities. Under these circumstances, all purchasers of Zumiez's securities during the Class Period suffered similar injury through their purchase of Zumiez's securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

44. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular

1 forward-looking statement was false, and/or the forward-looking statement was authorized
2 and/or approved by an executive officer of Zumiez who knew that those statements were false
3 when made.

4
5 **FIRST CLAIM**
6 **Violation of Section 10(b) of**
7 **The Exchange Act and Rule 10b-5**
8 **Promulgated Thereunder Against All Defendants**

9 45. Plaintiff repeats and realleges each and every allegation contained above as if
10 fully set forth herein.

11 46. During the Class Period, defendants carried out a plan, scheme and course of
12 conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing
13 public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and
14 other members of the Class to purchase Zumiez's securities at artificially inflated prices. In
15 furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them,
16 took the actions set forth herein.

17 47. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made
18 untrue statements of material fact and/or omitted to state material facts necessary to make the
19 statements not misleading; and (iii) engaged in acts, practices, and a course of business which
20 operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to
21 maintain artificially high market prices for Zumiez's securities in violation of Section 10(b) of
22 the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the
23 wrongful and illegal conduct charged herein or as controlling persons as alleged below.

24 48. Defendants, individually and in concert, directly and indirectly, by the use, means
25 or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a
26

1 continuous course of conduct to conceal adverse material information about Zumiez's financial
2 well-being and prospects, as specified herein.

3 49. These defendants employed devices, schemes and artifices to defraud, while in
4 possession of material adverse non-public information and engaged in acts, practices, and a
5 course of conduct as alleged herein in an effort to assure investors of Zumiez's value and
6 performance and continued substantial growth, which included the making of, or the
7 participation in the making of, untrue statements of material facts and omitting to state material
8 facts necessary in order to make the statements made about Zumiez and its business operations
9 and future prospects in light of the circumstances under which they were made, not misleading,
10 as set forth more particularly herein, and engaged in transactions, practices and a course of
11 business which operated as a fraud and deceit upon the purchasers of Zumiez's securities during
12 the Class Period.
13
14

15 50. Each of the Individual Defendants' primary liability, and controlling person
16 liability, arises from the following facts: (i) the Individual Defendants were high-level
17 executives and/or directors at the Company during the Class Period and members of the
18 Company's management team or had control thereof; (ii) each of these defendants, by virtue of
19 their responsibilities and activities as a senior officer and/or director of the Company, was privy
20 to and participated in the creation, development and reporting of the Company's internal
21 budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant
22 personal contact and familiarity with the other defendants and was advised of, and had access to,
23 other members of the Company's management team, internal reports and other data and
24 information about the Company's finances, operations, and sales at all relevant times; and (iv)
25
26

1 each of these defendants was aware of the Company's dissemination of information to the
2 investing public which they knew or recklessly disregarded was materially false and misleading.

3 51. The defendants had actual knowledge of the misrepresentations and omissions of
4 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to
5 ascertain and to disclose such facts, even though such facts were available to them. Such
6 defendants' material misrepresentations and/or omissions were done knowingly or recklessly and
7 for the purpose and effect of concealing Zumiez's financial well-being and prospects from the
8 investing public and supporting the artificially inflated price of its securities. As demonstrated
9 by defendants' overstatements and misstatements of the Company's financial well-being and
10 prospects throughout the Class Period, defendants, if they did not have actual knowledge of the
11 misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by
12 deliberately refraining from taking those steps necessary to discover whether those statements
13 were false or misleading.
14

15
16 52. As a result of the dissemination of the materially false and misleading information
17 and failure to disclose material facts, as set forth above, the market price of Zumiez's securities
18 was artificially inflated during the Class Period. In ignorance of the fact that market prices of
19 Zumiez's securities were artificially inflated, and relying directly or indirectly on the false and
20 misleading statements made by defendants, or upon the integrity of the market in which the
21 securities trades, and/or in the absence of material adverse information that was known to or
22 recklessly disregarded by defendants, but not disclosed in public statements by defendants during
23 the Class Period, Plaintiff and the other members of the Class acquired Zumiez's securities
24 during the Class Period at artificially high prices and were damaged thereby.
25
26

53. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Zumiez was experiencing, which were not disclosed by defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Zumiez securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

54. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

55. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of
The Exchange Act Against the Individual Defendants

56. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

57. The Individual Defendants acted as controlling persons of Zumiez within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various

1 statements which Plaintiff contends are false and misleading. The Individual Defendants were
2 provided with or had unlimited access to copies of the Company's reports, press releases, public
3 filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after
4 these statements were issued and had the ability to prevent the issuance of the statements or
5 cause the statements to be corrected.

6
7 58. In particular, each of these defendants had direct and supervisory involvement in
8 the day-to-day operations of the Company and, therefore, is presumed to have had the power to
9 control or influence the particular transactions giving rise to the securities violations as alleged
10 herein, and exercised the same.

11 59. As set forth above, Zumiez and the Individual Defendants each violated Section
12 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their
13 positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of
14 the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, Plaintiff
15 and other members of the Class suffered damages in connection with their purchases of the
16 Company's securities during the Class Period.

17
18 **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

- 19 (a) Determining that this action is a proper class action under Rule 23 of the
20 Federal Rules of Civil Procedure;
21
22 (b) Awarding compensatory damages in favor of Plaintiff and the other Class
23 members against all defendants, jointly and severally, for all damages
24 sustained as a result of defendants' wrongdoing, in an amount to be
25 proven at trial, including interest thereon;
26

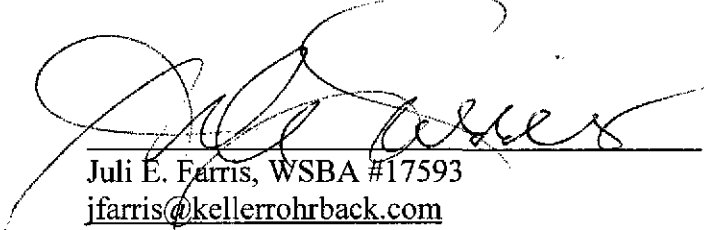
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED this 14th day of December, 2007.

KELLER ROHRBACK L.L.P.



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Attorneys for Plaintiff Ana Miguel

CERTIFICATION

I, Ana M. Miquel, ("Plaintiff") declare, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the Complaint, and authorizes its filing.
2. Plaintiff did not purchase the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action.
3. Plaintiff is willing to serve as a representative party on behalf of the class, either individually or as part of a group, including providing testimony at deposition and trial, if necessary.
4. Plaintiff's purchase and sale transaction(s) in the Zuniez, Inc. (NASDAQ: ZUMS) security that is the subject of this action during the Class Period is/are as follows:

Type of Security (common stock, preferred, option, or bond)	Number of Shares	Bought (B)	Sold (S)	Date	Price per share
Common	300	B		3/23/2007	\$41.9099
Common	300	B	S	5/14/07	39.81
Common	300	B		3/23/2007	41.82
Common	300	B		3/23/2007	41.83
Order Common	245/355	S	S		39.81

(Please list additional purchase and sale information on a separate sheet of paper, if necessary)

5. Plaintiff has complete authority to bring a suit to recover for investment losses on behalf of purchasers of the subject securities described herein (including plaintiff, any co-owners, any corporations or other entities, and/or any beneficial owners).
6. During the three years prior to the date of this Certification, Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as described below: _____
7. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 13 day of Dec, 2007


ANA M. MIQUEL